

APR 2 - 1992

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-92-9
AUTHORITY TO SELL ITS HAILEY)	
TURBINE ELECTRIC GENERATOR.)	NOTICE OF APPLICATION
)	

YOU ARE HEREBY NOTIFIED that on March 9, 1992, the Idaho Power Company (Idaho Power; Company) filed an Application for authority to sell its turbine electric generator (Hailey Turbine) located approximately two miles north of Hailey, Idaho at the Wood River Substation.

According to the Application, the Hailey Turbine is a General Electric Frame 7, model MS 7001 B (C), dual fuel turbine electric generator with a rating of 49,580 kW. The equipment proposed for sale includes the fuel handling equipment, two auxiliary transformers, the carbon dioxide fire control unit, the waste sump, the 4.16 kV auto transfer unit for starting, all special tools, spare parts and manuals as well as the turbine generator unit itself.

The Company notes that on February 6, 1974, in Case No. U-1006-89, by Order No. 11315, Idaho Power was granted a Certificate of Public Convenience and Necessity for the construction and installation of the Hailey Turbine. The original purpose for the turbine was to provide increased reliability to the Hailey-Ketchum-Sun Valley area. According to the Company: "Idaho Power has now completed construction of a second 138 kV transmission line, and that line has been in operation for over a year."

Idaho Power contends that problems involving availability of fuel and the local environmental impact at the present site have forced the Company to omit the Hailey Turbine as a resource for planning purposes from Idaho Power's current studies for new resource planning or avoided cost determination. Because of this, the Company contends, the sale of the Hailey Turbine will not affect Idaho Power's "Appendix A" loads and resources assessment established by the Idaho Public Utilities Commission in Case No. IPC-E-89-11, Order No. 23357, setting avoided cost rates for power purchases from PURPA qualifying facilities.

Idaho Power asserts that it would have no need for the Hailey Turbine until the year 2002 at which time it would be nearly 30 years old. By that time, the Company contends, the turbine will be outdated and would require additional improvements in order to be useful. Furthermore, Idaho Power states that an economical supply of natural gas for delivery at the present location is not available. In order to obtain lower natural gas prices, Idaho Power contends, the Company would have to guarantee the minimum operation of the turbine at a 20% annual plant factor. This would force the operation of the turbine when less costly alternatives are available such as Idaho Power's share of the Bridger, Boardman and Valmy generation units.

The Company states that it is also hesitant to utilize the turbine because of complaints received from local residents regarding excessive noise and vibration when the turbine was utilized in the past. In addition, if the machine were to operate 20% of the year or more, the Company states that it would have to add equipment to reduce the amount of air pollutants exhausted into the Wood River Valley atmosphere.

Finally, the Company states that, if left in place, the Hailey Turbine would require ongoing maintenance in order to keep it in operating condition.

Idaho Power estimates that a capital expenditure of \$10 million would be needed to relocate the turbine to a site near the main gas pipeline, to refurbish the unit as required for increased operation, to install air pollution control equipment required at a new site and to provide all the electrical equipment to connect to Idaho Power's transmission system.

The Company states, as of December 31, 1991, the net book value of the Hailey Turbine for revenue requirement purposes was \$1,926,391. Thus, Idaho Power contends, the turbine has been essentially depreciated for income tax purposes.

Idaho Power proposes selling the Hailey Turbine for not less than \$8 million. The sale may be accomplished by competitive bidding, a modified form of competitive bidding or a negotiated sale.

The Company concedes that the Commission has jurisdiction to determine how the proceeds of the sale will be booked for revenue requirement purposes once the turbine is sold. Upon the sale of the turbine, the Company asserts, it will file with the Commission notification of the sale of

the turbine, the sale price, the income tax consequences of the sale and a request for an accounting order. The Company has requested modified procedure of the handling of its Application pursuant to IDAPA 31.A.23.

YOU ARE FURTHER NOTIFIED that any persons desiring to intervene in this case for the purpose of becoming a party, i.e., to acquire the right to cross-examine witnesses and to make and argue motions, must file a Petition to Intervene with the Commission Secretary on or before Monday, April 27, 1992. The Petition to Intervene must comply with Rule 5 of the Commission's Rules of Practice and Procedure (RP&P), IDAPA 31.A.5. the Petition to Intervene shall be accompanied by a written Statement of Position stating, in general terms, the Petitioner's position concerning Idaho Power's Application.

YOU ARE FURTHER NOTIFIED that all persons who do not wish to become parties to this action may file written comments or protests to the Application with the Commission on or before Monday, April 27, 1992.

YOU ARE FURTHER NOTIFIED that all proceedings conducted in this case will be done so pursuant to the Commission's Rules of Practice and Procedure, IDAPA 31.A.

YOU ARE FURTHER NOTIFIED that the Company's Application has been filed with the Commission and is available for public inspection during regular business hours of the Commission office.

YOU ARE FURTHER NOTIFIED that proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the *Idaho Code*.

DATED at Boise, Idaho, this *15th* day of April 1992.



MYRNA J. WALTERS - COMMISSION SECRETARY

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